

Property

PART 1 BUSINESS OCCUPIERS: BUYING OR LEASING IN THE UK

The decision to buy or lease a premises in the UK will hinge on what is right for your business. In the first part of this five series newsletter, we will look at the various commercial factors you should consider when buying or leasing commercial property.

- What type of premises is suited for the business, i.e. retail space, shop, restaurant, office or warehouse?
- Does the premises have the relevant planning use to carry out your business? Are there any other potential restrictions in relation to the premises which could affect your business operating from there? Are there any proposals (planning and redevelopment) by the local authority which could affect the premises?
- What is the physical condition of the premises? Does the premises require a structural survey to be carried out? Is the premises affected by any environmental issues?
- What are the benefits of operating your business from a particular location?
- Do you have sufficient capital/finances? Do you require lending and can the business afford the loan repayments? Are there sufficient funds to invest in the premises as well as a reserve for the future growth of the business?
- What is the potential future growth of the business and will you need to relocate should the business expand? Does the premises size suit your current and future business needs?
- Have you budgeted for the additional costs that are likely to be incurred, such as legal costs, building survey costs, buildings insurance, stamp duty land tax, initial refurbishment costs, security set up costs, costs to ensure the premises meets the health and safety of employees, IT and telecoms system set up fees.
- Have you found out about the likely ongoing costs for the premises, including business rates and utility charges? Are you able to maintain the ongoing running costs for general maintenance of the property?
- What are your space requirements? Have you considered the design and layout as well as appearance of the premises? What fit out works will be required? Does the premises require installation of air conditioning and ventilation?
- What facility requirements does the premises need, such as access to the public, local amenities, parking and transport links.
- Are you seeking a potential return on your investment and will the premises value increase and generate a profit if you need to sell?
- Are there any tax implications associated with the premises?



With above factors to bear in mind, the decision will not always be straightforward. You may need to seek the advice of other professionals as the decision will involve financial and tax considerations. In the Part 2 and Part 3 of our newsletter, we will be explaining the difference between buying and leasing property in the UK.

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